

SMALL BUSINESS FEE DEFERRAL PROGRAM GUIDELINES

Purpose

The Morgan Hill Redevelopment Agency has developed the Small Business Fee Deferral Program in an effort to foster commercial and industrial development by helping to minimize the potential burden of City impact fees (e.g., sewer, traffic, and in-lieu utility under grounding and water fees) on new construction, expansion, or relocation projects.

How it Works

This program enables qualifying businesses to pay up to \$10,000 of their impact fees in monthly installment payments for up to one year, like a loan, and thereby “deferring” the lump sum payment of the impact fees. Loan payments start six months from the date of building permit issuance.

Eligibility

- For the purpose of the program, a “small business” is defined as one having 50 or fewer employees and with \$3,000,000 or less in annual receipts.
- The program is open to either new, expanding, or relocating businesses located within the Redevelopment Project Area.
- Projects must require payment of City sewer impact fees, traffic impact fees, and/or in-lieu utility under grounding fees.
- Only commercial or industrial businesses are eligible for the program.
- Either business owners or property owners can apply.
- Applicants must apply for the program at least four weeks prior to the date that they plan to obtain a building permit for the project, unless otherwise authorized by the Executive Director of the Redevelopment Agency.

Program Requirements

- The maximum loan amount under this program is \$10,000.
- The minimum loan amount under this program is \$3,000.
- Participants must pay 10% down and shall make monthly loan payments at 0% interest on the balance of their impact fees, up to \$10,000.
- Loan payments will be amortized for up to one year, beginning 6 months after the loan agreement and other related documents with the Redevelopment Agency are signed. Program participants will be required to enter into a loan agreement and related documents with the Agency.
- The loan must be secured by at least one of the following types of security, subject to approval by the Executive Director:
 - i. A personal guarantee; and/or
 - ii. A note secured by a deed of trust in real property; and/or
 - iii. Furniture, fixtures, and equipment (FFE) of the business; and/or
 - iv. Business inventory.
- Applicants will be required to submit to a review of their personal and business financial statements, and a title search if property is used as security for the loan.
- To participate in the program, the applicant must demonstrate that the project benefits the City through either job creation, revenue generation, and/or through the provision of needed services.
- The Executive Director may impose other conditions to minimize risk to the Redevelopment Agency.

Funding for this program will be allocated on a first come, first serve basis.